

Message Text

LIMITED OFFICIAL USE

PAGE 01 BERN 00415 270055Z
ACTION EUR-12

INFO OCT-01 NEA-10 IO-13 ISO-00 CIAE-00 DODE-00 PM-05

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 OMB-01 TRSE-00 EB-08 /091 W
-----041189 270633Z /10

R 271115Z JAN 78

FM AMEMBASSY BERN
TO SECSTATE WASHDC 5648
INFO AMEMBASSY ALGIERS
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
USMISSION GENEVA

LIMITED OFFICIAL USE BERN 415

EO 11652: N/A
TAGS: EFIN, AG, SZ
SUBJ: ALGERIAN FLN FUNDS IN SWITZERLAND

REF: 77 BERN 3522; 77 BERN 3397 (NOTAL)

1. SUMMARY: SWISS-ALGERIAN RELATIONS REMAIN STRAINED DUE CONTINUING DISPUTE OVER NATL LIBERATION FRONT (FLN) FUNDS DEPOSITED IN SWITZERLAND IN 1962. ALGERIANS HAVE LOST ANOTHER ROUND IN SWISS COURTS, WITH AT LEAST ONE OR TWO STILL TO GO. ACCORDING SWISS FEDERAL POLITICAL DEPT (FPD) OFFICIAL, ALGERIAN PRESIDENT BOUMEDIENE CONSIDERS FAILURE FPD INTERVENE TO RECOVER FUNDS AND FPD EFFORTS COLLECT COURT COSTS PERSONAL AFFRONT. END SUMMARY.

2. HANSJAKOB KAUFMANN, DEP DIR, AFRICA, ASIAN, LATIN AMERICA DIVISION, FPD, TOLD POL/ECOUNS JAN 17 THAT PROSPECTS SOLUTION SATISFACTORY TO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BERN 00415 270055Z

ALGERIANS ARE SLIGHT, AND ALGERIANS SHOW NO SIGNS OF GIVING UP; ON CONTRARY.

3. FOR BACKGROUND, PLEASE SEE REFTELS. CURRENT STATUS CASE AND MOST RECENT DECISIONS ARE AS FOLLOWS:

SWISS FEDERAL APPEALS COURT NOV 15, 1977 RULED IN FAVOR OF ZUHIER MARDAM, HOLDING THAT HE ACTED LEGALLY IN HIS CAPACITY AS FIDUCIARY FOR MAJORITY OF SHREAS OF BANQUE COMERCIALE ARABE (BCA), GENEVA, WHICH HE HELD ON BEHALF OF FORMER ALGERIAN FLN TREASURER MOHAMMED KHIDER. GENEVA APPEALS COURT MAY 6, 1977 HAD HELD THAT MARDAM'S LEGAL RIGHTS HAD TERMINATED WHEN SUCCESSORS TO KHIDER'S FUNDS (EITHER HIS WIDOW OR ALGERIAN GOVT) CLAIMED RESTORATION OF BCA SHAREA AND, THEREFORE, NULLIFIED DECISIONS TAKEN DURING THREE BCA GENERAL SHAREHOLDERS MEETINGS IN 1974. HOWEVER, FEDERAL COURT SAID QUESTION MARDAM'S RIGHTS TO REPRESENT AND VOTE KHIDER'S BCA SHARES WAS NOT AT ISSUE. HE HAD FORMALLY DEPOSITED SHREAD WITH BCA AS REQUIRED BY BANK'S BY-LAWS. THEREFORE, AS FIDUCIARY OWNER OF 20,000 KHIDER SHARES OBTAINED IN 1963 AND SOLE OWNER OF ALL "A" SHARES ISSUED IN 1968 AND 1970 ON BEHALF OF UNNAMED THIRD PARTY, MARDAM HAD FULL RIGHT TO REPRESENT THESE SHARES AND VOTE THEM.

4. KAUFMANN INTERPRETS COURT RULING AS MEANING COURT BELIEVES ONLY ISSUE BEFORE IT WAS "DID BANK ACT PROPERLY IN EXECUTING MARDAM'S INSTRUCTIONS" AND COURT HAS ANSWERED THAT QUESTION AFFIRMATIVELY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BERN 00415 270055Z

5. ALGERIANS HAVE REFUSED ACCEPT RESULT AND ARE STILL PURSUING TWO OTHER AVENUES: RESOLUTION OF ISSUE WHETHER SUCCESSION TO KHIDER'S RIGHTS TO BANK SHARES SHOULD BE DECIDED IN FAVOR KHIDER'S HEIRS OR IN FAVOR ALGERIA, AND CRIMINAL SUIT FILED JULY 1976 BY KHIDER'S WIDOW AGAINST MARDAM ALLEGING HE ACTED FRAUDULENTLY IN CONNECTION TRANSFER BCA SHARES. PRESS REPORTS ALGERIAN GOVT HAS JOINED AS COMPLAINANT IN THIS SUIT.

6. FEDERAL POLITICAL DEPT HAS BEEN MAKING SUBSTANTIAL EFFORT PERSUADE ALGERIANS PAY COURT COSTS, AS REQUIRED SWISS LAW, IN SUIT THEY HAVE LOST. WHEN ALGERIANS REFUSED ACCEPT OR KNOWLEDGE LIABILITY, SWISS CALLED IN LE MONDE REPORTER, PRESUMABLY IN HOPE THAT IF SWISS REQUESTS NOT READ IN ALGIERS, LE MONDE IS.

WARNER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FUND ALLOTMENT, LIBERATION FRONTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BERN00415
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780040-0401
Format: TEL
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780116/aaaaanbo.tel
Line Count: 111
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c7b770df-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BERN 3522, 77 BERN 3397
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3704102
Secure: OPEN
Status: NATIVE
Subject: ALGERIAN FLN FUNDS IN SWITZERLAND
TAGS: EFIN, AG, SZ, FLN
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/c7b770df-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014